### SBM2502 Business Audit

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<th>UOS CODE</th>
<th>UOS NAME</th>
<th>CREDIT POINTS</th>
<th>STATUS</th>
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<tbody>
<tr>
<td>SBM2502</td>
<td>Business Audit</td>
<td>6</td>
<td>Elective</td>
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#### SUMMARY
This unit of study covers systematic, disciplined auditing of organizational units. Auditing has become an important function within the corporate governance area to identify financial risks in a timely fashion with objective indicators showing how an organisation is performing, and to point out opportunities to add value and improve operations. It also serves as an assurance mechanism to catch any fraudulent acts and misuse of business processes. The unit starts with a review of needs and foundations of auditing function, and establishes links with good corporate governance as a tool for monitoring and managing risks. Then, it proceeds to promote auditing as a consultancy service in various areas within a business unit. It explains the principles and guidelines for an effective audit strategy, planning and execution. It also addresses other side issues, like people aspects, and means for quality improvement and retaining organizational knowledge. This unit explores the capabilities and approaches needed for performing business auditing, and helps students gain associated competencies. It covers:

- Fundamentals of auditing: systematic methodology and analysis of business functions, highlighting deficiencies and problems, recommendations for improvement
- Role of audits in Enterprise Risk Management (ERM), corporate governance and management control of operations
- Forms of auditing: operational effectiveness, financial reporting, compliance with laws and standards, investigating fraud, valuation of assets, etc.
- Guidelines to conduct an audit: plan, communicate, identify, describe, report problems and risks, and develop improvements plans and their follow-up
- Auditing standards, internal

#### COURSE CONVENOR/TUTOR
TBA

#### ASSUMED KNOWLEDGE
Not applicable

#### APPROXIMATE WORKLOAD

<table>
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<tr>
<th>Lectures &amp; Workshops</th>
<th>Team Work</th>
<th>Personal Work</th>
<th>Readings</th>
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<tr>
<td>30 hours</td>
<td>&gt;60 hours</td>
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#### PRE-REQUISITE (course name)
None

#### OBJECTIVES
Students should gain expertise in the following areas:

- Auditing as a risk assessment and management mechanism
- Auditing as a quality improvement process
- Auditing as a means of feedback to corporate governance, and management control
- Prevention of frauds, detecting procedure, process and policy failures
- Control of contracts, obligations, commitments and agreements
- Different forms of audits
- Managing audits as projects
- Planning and execution of an audit
- Reports for audit outcomes
- Issues and associated risks from an audit
- Quantification of identified risks in an audit
- Basic risk management
- Monitor and follow-up of an audit
- Holistic view of business audit: Enterprise Risk Management

#### TARGET COMPETENCIES
Upon completion of the course, the student should demonstrate:

- Familiarity with the terms and terminology in audits
### Enterprise Systems and Business Process Integration

- Ability to perform audits in different forms and purposes:
  - quality control,
  - risk assessment,
  - detection of non-compliance with rules and policies,
  - control of legal documentation (contracts, agreements, etc.),
  - valuation of assets,
  - prevention of frauds, etc.
- Initiating, planning and execution of audits
- Basic project management capability to plan and execute audits
- Reporting audit results and recommendations
- Identifying, assessing and quantifying risks
- Developing risk mitigation
- Following up audit outcomes and recommendations and their completion
- Relating auditing to a higher level organisational management and governance
- Ability to use Enterprise Risk Management system and apply its policies organisation-wide

### TARGET COMPETENCIES (Personal and Socio-cultural)

- **Generic:** All competencies that are common to all professionals (including cognitive and communication abilities, problem solving and analytical mindset)
- **Leadership:** Ability to direct, motivate & manage individuals & teams.
- **Commitment:** Ability to dedicate to tasks & to project outcomes.
- **Attitude:** Ability to create the right frame of mind that promotes integrity & support for achievement of project goals within a social context.
- **Self Direction:** Ability to manage within and without guidelines & processes, and to work without supervision.
- **Learning:** Ability to commit to continuous improvement in knowledge, skills & attitude, & to creating new knowledge developing skills & approaches.
- **Cultural Empathy:** Ability to respect for & accommodation of individual lifestyle, beliefs & norms.
- **Creativity & Innovation:** Capacity to generate new ideas/approaches & make them happen.

### MODES OF DELIVERY

- Upfront intensive workshop (4 days)
- Project and team based flexible work facilitated via the Internet (over 10 weeks)
- Face-to-face formal assessment (one week)

### ASSESSMENT

1. Formal knowledge test
2. Team project submissions (formatted as per specification for the same)
3. Formal assessment against competencies applicable to organisation unit strategy and design
4. Formal personal & socio-cultural competency assessment

### PRINTED MATERIALS

- Learning material (lecture notes, slides, case study and other material provided online).
- **Case project** (students’ own case project subject to endorsement)

### SELECTED REFERENCES

- Chorafas D. N. (2001), *Implementing and Auditing the Internal Control System*, Palgrave Macmillan

### WEB SITES

- No single web site presents all the necessary knowledge that students need to learn and apply. However, opposite are some useful sites to visit.

### Software

- Not applicable

Students may wish to use software for normal typesetting, graphic design and
<table>
<thead>
<tr>
<th>COURSE CONTENTS</th>
<th>associated tasks</th>
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<tbody>
<tr>
<td><strong>Intensive Phase</strong></td>
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</table>
| **Day 1** | • Introduction to course aims, objectives, target competencies, learning strategies, resources available, timetable and deliverables, assessment methods and related briefings  
• Briefing on how to conduct each phase and the entire unit of study  
• Lecture: Auditing – an Introduction and a high level view auditing function  
• Lecture: Forms and purposes of auditing  
• Lecture: Auditing as part of organisational risk management  
• Tutorial: Case study: Enron – how an unethical auditing and reporting has destroyed billions of dollars |
| **Day 2** | • Lecture: Performing an audit  
• Lecture: Audit preparation: objectives, time-frame, expectations of stakeholders  
• Lecture: Audit planning: identifying what to examine, plan who will do what and when, and execution  
• Lecture: Audit reporting: describing the audit findings, what are missing, and recommendations for compliance or improvement  
• Tutorial: Examining an article how boards may be ineffective, if they undermine their roles and influence in a corporate: Enron and WorldCom cases |
| **Day 3** | • Lecture: Auditing as a risk assessment method  
• Lecture: Assessing an audit outcomes, and determining the vulnerability of an organisation in terms or responding to market changes, legal and mandatory rules and regulations, degree of compliance against a benchmark, etc  
• Lecture: Enterprise Risk Management: an holistic view if managing risks  
• Tutorial: Auditing in help of corporate governance: an early detection mechanism to control if organisation is in the right direction. |
| **Day 4** | • Lecture: Risks mitigation methods  
• Lecture: Standards and procedures for auditing  
• Lecture: Administering auditing and risk management functions and relevant groups  
• Reinforcing learning outcomes and application of the same to forthcoming team project  
• Conduct of written test on organisation unit strategy and design  
• Students’ feedback on the intensive phase |

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<tr>
<th><strong>Teamwork phase</strong></th>
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| **For the purposes of developing expertise in business audit in an integrated and meaningful manner, students in teams of 4 to 5 will assume responsibility for examining the auditing in a case organisation unit. The case organisation is individual to each team and will be sourced normally from one of the students’ employer organisations.**  

In summary the project phase will comprise:  
• An overall process for studying organisation enterprise systems and for applying the relevant knowledge to a real life case organisation as per the relevant Brief that is downloaded from the unit’s web site;  
• A program of the learning activities which are part of student’s Team Workplan and individual competency acquisition needs which each student needs to plan to conduct flexibly within the unit of study timeline as advised in the unit’s web site (detailed schedules are to be developed and submitted as part of the Team Work/QA Plan)  
• The assignment Brief which is available as a downloadable file. Your team may develop your own Brief/project concept, and upon the Course Convenors’ endorsement use the same as the basis for learning and development. Your brief should be developed to be similar to that found on the unit’s web site. |
The Learning activities are designed for each team to develop and evaluate a complete organisation unit strategy and design for their case organisation via the following activities:

<table>
<thead>
<tr>
<th>Team Formation, Case Project selection and team QA/Workplan</th>
<th>Activity 1</th>
<th>Activity 2</th>
<th>Activity 3</th>
<th>Activity 4</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Literature Review Business Audit</td>
<td>Evaluation of Auditing in a Case Company</td>
<td>Case Organisation Sample Auditing Plan</td>
<td>Evaluation, Formatting and Presentation of Team Report</td>
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<tr>
<td>Submit Case Study, QA/Workplan</td>
<td>Submit Assignment 1</td>
<td>Submit Assignment 2</td>
<td>Submit Assignment 3</td>
<td>Submit Assignment 4</td>
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Continuous reflection, self and peer assessment and competency acquisition. Final Individual Report and Viva to validate competencies acquired versus target competencies

**COMPETENCY VALIDATION (via evidence and professional interview)**

**Final Report & assessment**

Each student is advised to progressively acquire, develop and document the relevant target competencies. The protocols on the web site for this purpose need to be followed carefully to prepare the required evidence of competency acquisition. The evidence for this unit to comprise a Final Report in two parts to validate individually the following: specific target competencies regarding business auditing as well as personal and socio-cultural competencies. These will be assessed separately and both need to show the student’s development history using the student’s L&D plan as the basis.